

City of Cincinnati



Laketa Cole

Chris Bortz

Members of Cincinnati City Council

May 1, 2006

MOTION

WE MOVE that an Ordinance be drafted that would provide an automatic tax exemption of the maximum number of years allowable by law and 100% of the assessed property value on the construction or rehabilitation of commercial¹ properties if the property is built or rehabilitated to Leadership in Environmental & Energy Design (LEED) Certified, Silver, Gold or Platinum standards as defined by the U.S. Green Building Council.

WE FURTHER MOVE that any residential unit that is built or rehabilitated to LEED Certified, Silver, Gold or Platinum standards be provided with a tax exemption of the maximum number of years allowable by law and worth 100% of the assessed property value notwithstanding the provisions of Ordinance 342-2002 covering CRA Tax Abatements.

WE FURTHER MOVE that the administration allocate a sufficient amount Community Development Block Grant funding to create a fund to provide financing for builders of new residential or rehabilitated low income or qualified mixed income² residential structures to build to LEED Certified, Silver, Gold or Platinum standards as defined by the USGBC. The financing would be used to bridge the gap caused between the increased costs of building to LEED standards versus the costs of building to standard codes.


Councilmember Laketa Cole
Councilmember Chris Bortz

STATEMENT

2006 has seen a historic increase in the cost of energy in the Cincinnati area. This distressing fact continues to hit the citizens of Cincinnati directly in the pocketbook, stretching personal finances thin and reducing the amount of money that flows into our economy. Although the City cannot regulate energy prices, it can take creative steps to lower energy bills through the long-term approach of encouraging efficiency.

¹ For the purposes of this motion, "commercial" and "residential" shall be defined as it is in Ordinance 324-2002 governing the Community Reinvestment Area tax abatements.

² As per current regulations regarding the use of CDBG funding

"Green Buildings," designed for sustainable use of energy, are being built across the nation. The City of Cincinnati can be a leader to encourage this growing architectural and construction business. Green buildings make sense as a growth industry, as well as improving our environment. Through enacting visionary legislation to encourage the efficient energy use in Cincinnati, the city is taking a leadership role in being environmentally and fiscally responsible.

The benchmark measure for a "green" energy efficient home is the LEED designation. The U.S. Green Building Council (USGBC) gives out LEED certification. The specific conditions for meeting the various LEED certification levels can be found on the USGBC website at <http://www.usgbc.org/DisplayPage.aspx?CMSPageID=222&>.

The California Legislative Research Commission determined that a LEED certified building is 30% more efficient than a non-LEED building.³ Studies by the U.S. Green Building Council state that on average a building's energy costs will be lowered by up to \$.50-\$1.50 per square foot per year. Solid waste reductions largely resulting from increased waste recycling create a potential saving of \$.10-\$.20 per sq foot per year. Reduced maintenance costs largely resulting from considering maintenance in the design process with potential savings of \$.11-\$.77 per sq foot per year.

Green building elements also provide a significant impact on stormwater management and provide relief for our combined sewer overflows. Green roofs can retain 50-60 percent of the total annual runoff volume of a roof. The University of Cincinnati Recreation Center is an example of a green building designed to collect and capture rainwater for reuse.

LEED certified buildings have healthier indoor air. This is important because the AMA has estimated that poor indoor air quality results in 150 million lost workdays per year at an annual cost of \$150 billion. Poor indoor air quality is being increasingly recognized as a significant factor in the incidence of many diseases, including cancer, asthma, and cardiac disease. The Rocky Mountain Institute has estimated potential savings of \$2 to \$5 per sq foot per year in employee productivity due to green building-largely due to reduced absenteeism, reduced health related costs and improved occupant productivity with potential productivity increases estimated to be in the range of 6-16%. U.S. Department of Energy estimated the potential financial gain for the nation's employers to be \$30 billion to \$150 billion annually.

According to EPA data, 2005 was the worst year for air quality in Cincinnati in three years, with 18 days where the air quality was unhealthy for some or all of our citizens. By building green, Cincinnati will take a significant step toward a healthier future.

This proposed tax abatement CDBG fund would give incentives for both residential and commercial developers and contractors to build to LEED standards. By raising the limit on the city's tax abatements for commercial structures, economics makes it logical for any new commercial construction to be LEED certified. This incentive will provide for

³ "A Report to California's Sustainable Building Task Force- 10/2003. pg 24. The USGBC and Capital E, a consulting firm hired by the California Legislative Research Commission, base this figure on a study. It studied a number of LEED certified buildings, and the 30% figure represents an average energy savings. There are different levels of LEED certification, each with a higher or lower percentage of saved energy.

green buildings in new developments such as The Banks. Since buildings with four or more residential units are also considered commercial structures under current law, new or rehabilitated apartment structures can also benefit from this abatement. Unfortunately, due to legal restrictions, the city cannot extend the tax abatements it currently offers on new or rehabilitated detached residential structures. Thus, the CDBG fund proposal will provide the financial incentive so that new or rehabilitated homes, especially for low and moderate-income families, can also be built to LEED standards.

Encouraging builders to use "green" principles is not unprecedented. Examples of municipal programs include Chicago, Seattle, Portland, Austin, and Boston. Chicago's Green Building/Green Roof initiative requires green building methods and design standards in any new or rehabilitated structures that are at least partly subsidized by the City. The City of Austin Green Building Program provides consultation to developers looking to build green buildings. Austin also provides a series of rebates to encourage energy efficient new buildings and rehabilitations.

As we continue into the 21st Century, we must be mindful of the changing world in which we live. The stark increase in energy prices during the winter of 2006 was an obvious example of the direction the energy market is going. Therefore, it is prudent that the City be visionary and adopts policies to conserve energy as we move to the future.